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LISTING STATEMENT No. 2104

LISTED MAY 7, 1962
785,007 Common shares without par value, of which 485,000 are subject to issuance.
Ticker abbreviation "SHL"
Dial ticker number 560
Post section 3.2

TORONTO STOCK EXCHANGE

LISTING STATEMENT

SHULLY'S INDUSTRIES LIMITED

Incorporated under the Laws of the Province of Ontario by
Letters Patent dated January 12, 1962.

CAPITALIZATION AS AT APRIL 13, 1962

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
3% Non-cumulative, redeemable, convertible, voting, preference shares, par value \$5.00 each	300,000	250,000	nil
Common shares without par value	2,000,000	300,007	785,007*
FUNDED DEBT			
6% Convertible debentures due March 7, 1972	\$1,000,000	\$1,000,000	nil
* of which 485,000 are subject to issuance.			

Dated: April 13, 1962.

1. APPLICATION

Shully's Industries Limited (hereinafter called the "Company")* hereby makes application for the listing on the Toronto Stock Exchange of 785,007 common shares without par value in the capital stock of the Company, of which 300,007 have been issued and are outstanding as fully paid and non-assessable. The remaining 485,000 common shares included in this application have been reserved as follows:

Underwriters' stock option at \$5.00 per share expiring March 5, 1963 (Agreement February 6, 1962)	25,000
Employees stock option at \$5.00 per share expiring June 1, 1962	10,000
For issue upon conversion of outstanding 6% convertible debentures	200,000
For issue upon conversion of outstanding convertible preference shares	250,000
	485,000

* The term "Company", except as otherwise indicated or required by context means Shully's Industries Limited and its wholly-owned subsidiaries, Shully's Automatic Heating & Cooling Co. Limited and Adsa Acceptance Corporation Limited.

2. HISTORY

The Company was incorporated in 1962 under the Laws of the Province of Ontario to acquire the issued and outstanding shares other than directors' qualifying shares, of Shully's Automatic Heating & Cooling Co. Limited, which Company was also incorporated under the Laws of the Province of Ontario.

3.

NATURE OF BUSINESS

The Company is a holding company whose only assets other than monies in the bank are all of the issued and outstanding shares, other than directors' qualifying shares, of the capital stock of Shully's Automatic Heating & Cooling Co. Limited and Adsa Acceptance Corporation Limited. For details of the operations of the subsidiary companies see the section dealing with Subsidiary Companies.

4.

INCORPORATION

The Company was incorporated under the laws of the Province of Ontario by letters patent dated January 12, 1962, with an authorized capital of 2,000,000 common shares without par value and by supplementary letters patent dated the 14th day of February 1962, the authorized capital was increased by creating 300,000 preference shares with a par value of \$5.00 each.

5.

NO PERSONAL LIABILITY—OPINION OF COUNSEL

Messrs. Shifrin & Solish, 133 Richmond St. West, Toronto, counsel for the Company, are filing in support of this application, an opinion stating inter alia that the Company was duly incorporated under the laws of the Province of Ontario by letters patent dated January 12th, 1962; and that the Company is a valid and subsisting Company in good standing; and that 300,007 common shares of its authorized 2,000,000 common shares having no par value have been duly issued and are outstanding as fully paid and non-assessable. Mr. Albert Shifrin, a partner of the law firm of Shifrin & Solish, is a director of the Company.

6.

SHARE ISSUES DURING PAST TEN YEARS

Common shares Without Par Value

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
Jan. 12, 1962	7	\$1.00	\$ 7.00	Incorporators shares.
Feb. 12, 1962	200,000	2.27	454,581.00	As part consideration for the acquisition of the shares of Shully's Automatic Heating & Cooling Co. Limited.
March 9, 1962	100,000	4.50	450,000.00	Expansion of the Company's business and the forming of Adsa Acceptance Corporation Limited as a wholly owned subsidiary.

3% Non-cumulative redeemable convertible voting preference shares

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
Feb. 12, 1962	250,000	\$5.00	\$1,250,000.00	As part consideration for the acquisition of the shares of Shully's Automatic Heating & Cooling Co. Limited.

7.

STOCK PROVISIONS AND VOTING POWERS

Each common share carries one vote at all meetings of the shareholders. The 3% non-cumulative redeemable convertible voting preference shares have attached thereto the following rights, conditions, restrictions, limitations and prohibitions:

- The holders of the preference shares shall in each year in the discretion of the directors but always in preference and priority to any payment of dividends on the common shares for such year be entitled to non-cumulative dividends at the rate of 3% per annum and if in any year after providing for the dividend on preference shares there remains any profits or surplus such profit or surplus may be applied to dividends on the common shares and the holders of the preference shares shall not be entitled to any dividend other than or in excess of the non-cumulative dividends at the rate of 3% hereinbefore referred to.
- The preference shares shall rank both as regards dividend and repayment of capital in priority to all other shares of the Company but shall not confer any further right to participate in profits or assets.
- The Company may upon giving notice redeem the whole or any part of the preference shares on payment of the amount paid up thereon together with all dividends declared thereon and unpaid on giving not less than thirty days' notice.
- The Company may purchase for cancellation the whole or any part of the preference shares at the lowest price at which such shares are obtainable but not exceeding the amount paid up thereon together with all declared and unpaid dividends.
- In the event of the liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the preference shares shall be entitled to receive, before any distribution of any part of the assets of the Company among the holders of any other shares, the amount paid up thereon and any dividends declared thereon and unpaid and no more.

STOCK PROVISIONS AND VOTING POWERS (continued)

- (f) At any time after the 2nd day of April, 1963, and up to 12 o'clock noon, Eastern Standard Time, on the 2nd day of April, 1972, except when the transfer registers of the Company are closed, every holder of preference shares, not being indebted to the Company, shall be entitled to have all or any of the said preference shares held by him converted into common shares of the Company on the basis of one (1) common share for each preference share, the said common shares resulting from such conversion to be fully paid and non-assessable.
- (g) The authorization for an application for the issue of supplementary letters patent to alter the above may be given by at least two-thirds (2/3) of the votes cast at a meeting of the holders of the preference shares called for that purpose.

8. DIVIDEND RECORD

The Company has not paid any dividend on its shares.

9. RECORD OF PROPERTIES

The Company is a holding company and actually owns no property.

10. SUBSIDIARY COMPANIES

Shully's Automatic Heating & Cooling Co. Limited was incorporated under the laws of the Province of Ontario by letters patent dated the 7th day of November 1945 with an authorized capital of \$40,000.00 divided into 300 preference shares of \$100.00 each and 10,000 common shares of \$1.00 each, of which 1,004 common shares have been issued at par, all of which shares are now owned by Shully's Industries Limited. This Company sells domestic fuel oil, aluminum products, industrial fuel oil, fuel oil heating equipment, combination storm and screens, awnings, aluminum sidings, carports, etc.

Adsa Acceptance Corporation Limited was incorporated by letters patent issued by the Province of Ontario, dated the 31st day of May, 1961, with an authorized capital divided into 10,000 Class "A" redeemable, non-participating, non-cumulative, preference shares with a par value of \$10.00 each, and 10,000 Class "B" non-voting, redeemable, non-participating, non-cumulative preference shares with a par value of \$10.00 each and 100,000 common shares without par value, of which 1,000 common shares have been issued for \$1000.00, all of which are held by Shully's Industries Limited. This Company finances long term contracts for customers of Shully's Automatic Heating & Cooling Co. Limited. This Company did not commence active operations until April, 1962.

Attached hereto and marked as Exhibit "A" is a statement of combined earnings of Shully's Industries Limited and subsidiary companies from 1952 to 1962 as certified by the Company's auditors.

11. FUNDED DEBT

The Company's funded debt consists of:

(a)	DESCRIPTION OF ISSUE	AGGREGATE AMOUNT AUTHORIZED	PRINCIPAL AMOUNT OUTSTANDING	MATURITY DATE	INTEREST DATES
	6% convertible debentures	\$1,000,000	\$1,000,000	March 7, 1972	March 7 and September 7

(b) Redemption

The 6% convertible debentures shall be redeemable by the Company at its option after March 7, 1963, in whole at any time or in part from time to time, prior to maturity at prices equal to the following percentages of the principal amount thereof:

In case of redemption after March 7, 1963 and up to and including March 7, 1964—106%
thereafter up to and including March 7, 1965—105.25%
thereafter up to and including March 7, 1966—104.50%
thereafter up to and including March 7, 1967—103.75%
thereafter up to and including March 7, 1968—103.00%
thereafter up to and including March 7, 1969—102.25%
thereafter up to and including March 7, 1970—101.50%
thereafter up to and including March 7, 1971—100.75%
thereafter and prior to maturity —100%

together in each case with accrued and unpaid interest to the date specified for redemption.

(c) Security

The 6% convertible debentures, in the opinion of counsel, are secured by

- (i) a first floating charge under the laws of the Province of Ontario on the undertaking and all the properties and assets of the Company now owned or hereafter acquired;
- (ii) an unconditional guarantee by the Company's subsidiary, Shully's Automatic Heating & Cooling Co. Limited of the due and punctual payment of the principal, premium (if any) and interest of the 6% Convertible Debentures; and
- (iii) a first floating charge under the laws of the Province of Ontario on the undertaking and all the properties and assets of the subsidiary mentioned in sub-paragraph (ii) above now owned or hereafter acquired.

12. A.

OPTIONS, UNDERWRITINGS, ETC.

- (a) Pursuant to an agreement dated February 6, 1962, the Company granted to Jenkin Evans & Co. Ltd., Waite, Reid & Co. Ltd., and E. H. Pooler & Co. Limited an option to purchase, good for one year from March 5, 1962, 25,000 common shares in the capital stock of the Company at \$5.00 per share;
- (b) The Company has granted to its employees an option to purchase expiring June 1st 1962, 10,000 common shares in the capital stock of the Company at \$5.00 per share;
- (c) There are no underwriting agreements outstanding;
- (d) There are no issued shares of the Company held for the benefit of the Company.
- (e) 100,000 common shares and 150,000 preference shares in the capital stock of the Company are presently held in escrow by Guaranty Trust Company of Canada to be released as follows, provided, however, that some or all may be released at an earlier date only with the consent of the Ontario Securities Commission;
 - 50,000 common and 75,000 preference shares on September 8, 1962;
 - 50,000 common and 75,000 preference shares on December 8, 1962.

12. B.

OTHER RESERVED SHARES

Each debenture will be convertible at the holder's option at any time after March 7, 1963, up to the close of business on March 6, 1972, or if called for redemption, on the day immediately preceding the date fixed for redemption of such debenture, whichever is earlier, into fully paid and non-assessable common shares without par value of the Company as presently constituted without adjustment for interest accrued on such debenture, or for dividends (if any) on the common shares of the Company issuable upon conversion on the following basis;

after March 7, 1963 and up to and including March 7, 1964, one share per each \$5.00 principal amount of debenture;

thereafter and up to and including March 7, 1965, one share per each \$6.00 principal amount of debenture;

thereafter and up to and including March 7, 1966, one share per each \$7.00 principal amount of debenture;

thereafter and up to and including March 7, 1967, one share per each \$8.00 principal amount of debenture;

thereafter and up to and including March 7, 1968, one share per each \$9.00 principal amount of debenture;

thereafter and up to maturity, one share per each \$10.00 principal amount.

Each preference share will be convertible at the holder's option at any time after April 2, 1963 and up to 12 o'clock noon on the 2nd day of April, 1972, into common shares on the basis of one common share for each preference share.

13.

LISTING ON OTHER STOCK EXCHANGES

There are no securities of the Company listed on any other Stock Exchange.

14.

STATUS UNDER SECURITIES ACT

Particulars of any filing, registration, approval or qualification with or by the Ontario Securities Commission or any corresponding governmental body or authority are as follows:

- (a) The Ontario Securities Commission issued its official receipt dated March 8, 1962, acknowledging receipt of the material required under The Securities Act (Ontario) in reference to the offering of \$750,000 6% convertible debentures of the Company and 150,000 common shares in the capital stock of the Company.

15.

FISCAL YEAR

The fiscal year of the Company ends on January 31st in each year.

16.

ANNUAL MEETINGS

The By-laws of the Company provide that the annual meeting of the Company shall be held at the head office of the Company or at such other place in Ontario on such date in each year as the Board of Directors may determine from time to time. No annual meeting of shareholders of the Company has as yet been held.

17.

HEAD AND OTHER OFFICES

The head office is located at 73 Wingold Avenue, Toronto, Ontario, Canada. The Company has no other offices.

18.

TRANSFER AGENT

The Transfer Agent of the Company is:

Guaranty Trust Company of Canada, 366 Bay Street, Toronto, Ontario.

19. TRANSFER FEE

No fee is charged on stock transfers other than the customary Government stock transfer taxes.

20. REGISTRAR

The Registrar of the Company is:
Guaranty Trust Company of Canada, 366 Bay Street, Toronto, Ontario.

21. AUDITORS

The auditors of the Company are: Pape, Strom, Sherman & Company, Chartered Accountants, 220 Bay Street, Toronto, Ontario.

22. OFFICERS

The Officers of the Company are:

NAME	OFFICE	HOME ADDRESS
Maurice Shully	President	500 Avenue Road, Toronto, Ontario.
Harold Irwin Shully	Vice-President and Secretary	41 Avenal Drive, Toronto, Ontario.
Gilbert Jay Shully	Vice-President and Treasurer	104 Vesta Drive, Toronto, Ontario.
Maurice Bronner	Comptroller	908 Briar Hill Avenue, Toronto, Ontario.
Harry Hibloom	Assistant Comptroller	49 Stayner Avenue, Toronto, Ontario.

23. DIRECTORS

The directors of the Company are:

NAME	HOME ADDRESS
Maurice Shully	500 Avenue Road, Toronto, Ontario.
Harold Irwin Shully	41 Avenal Drive, Toronto, Ontario.
Gilbert Jay Shully	104 Vesta Drive, Toronto, Ontario.
Raphael David Wolfe	226 Owen Boulevard, Toronto, Ontario
Leon Elliot Weinstein	116 Old Forest Hill Road, Toronto, Ontario.
Albert Shifrin	132 Kilbarry Road, Toronto, Ontario.
Murray Pezim	37 Stormont Avenue, Toronto, Ontario.

CERTIFICATE

Pursuant to a resolution duly passed by its Board of Directors, SHULLY'S INDUSTRIES LIMITED hereby applies for listing of the above mentioned securities on the Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

SHULLY'S INDUSTRIES LIMITED



Per:
"M. SHULLY", President
"HAROLD I. SHULLY", Secretary

STATEMENT SHOWING NUMBER OF SHAREHOLDERS

Distribution of common stock
as of April 18, 1962

Number	Shares
303 Holders of 1— 100 share lots.....	18,784
42 " " 101— 200 " "	7,640
5 " " 201— 300 " "	1,500
9 " " 301— 400 " "	3,600
5 " " 401— 500 " "	2,500
1 " " 501—1000 " "	800
9 " " 1001—up " "	265,183
374 Stockholders	Total shares..... 300,007

The Directors,
Shully's Industries Limited

Shully's Industries Limited, incorporated on January 12, 1962, has acquired all of the outstanding shares of Shully's Automatic Heating & Cooling Co. Limited on the basis of its financial position as at January 31, 1962. Attached is a statement of combined earnings to that date.

SHULLY'S INDUSTRIES LIMITED AND SUBSIDIARY COMPANY

STATEMENT OF COMBINED EARNINGS 1952-1962

FISCAL YEAR ENDED MAY 31	SALES	EARNINGS BEFORE DEPRECIATION, AMORTIZATION AND INCOME TAXES	DEPRECIATION AND AMORTIZATION	INCOME TAXES	NET EARNINGS
1952	\$1,001,101	(\$ 6,934)	\$ —	\$ —	(\$ 6,934)
1953	1,367,276	50,078	13,092	8,715	28,271 (Note 1)
1954	1,723,309	53,145	33,754	4,994	14,397
1955	2,539,820	113,616	24,798	37,431	51,387
1956	3,045,689	166,052	41,199	58,147	66,706
1957	2,984,693	122,655	36,772	34,563	51,320
1958	2,879,044	142,368	31,434	47,544	63,390
1959	3,100,408	229,979	48,995	84,032	96,952
1960	3,363,504	237,539	36,214	104,198	97,127
1961	3,048,432	180,676	33,030	68,904	78,742
1962 (eight (8) months ended January 31)	2,021,101	293,330	20,840	131,879	140,611

NOTE: (1) The 1953 earnings include an adjustment of prior years' earnings in the amount of \$16,795.00.

We have examined the statement of combined earnings of Shully's Industries Limited and its subsidiary company for ten (10) years and eight (8) months ended January 31, 1962. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying statement, with the note thereto, presents fairly the combined earnings of the said companies for ten (10) years and eight (8) months ended January 31, 1962.

Respectfully submitted,

"PAPE, STROM, SHERMAN & COMPANY"

Chartered Accountants.

Toronto, Canada,
March 5, 1962.

FINANCIAL STATEMENTS

SHULLY'S INDUSTRIES LIMITED

CONSOLIDATED BALANCE SHEET AND PRO FORMA CONSOLIDATED BALANCE SHEET

AS AT JANUARY 31, 1962

	CONSOLIDATED BALANCE SHEET	PRO FORMA CONSOLIDATED BALANCE SHEET
ASSETS		
CURRENT		
Cash on hand.....	\$ 131,774	\$ 991,774
Accounts receivable—trade—(less allowance for doubtful accounts \$8,885.00)...	688,818	688,818
Merchandise inventory and work in process valued at the lower of cost or market	169,151	169,151
Prepaid expenses.....	54,794	54,794
Other.....	9,874	9,874
TOTAL CURRENT ASSETS.....	<u>\$1,054,411</u>	<u>\$1,914,411</u>
FIXED (appraised value)—note 2		
Motor vehicles.....	\$ 101,000	\$ 101,000
Plant and equipment.....	125,250	125,250
	<u>\$ 226,250</u>	<u>\$ 226,250</u>
OTHER		
Fuel oil distribution accounts and customers' supply contracts (goodwill)— note 2.....	\$ 824,000	\$ 824,000
Patents, patent rights, and franchise—note 2.....	550,000	550,000
Debenture discount and issue expenses.....		90,000
	<u>\$1,374,000</u>	<u>\$1,464,000</u>
TOTAL ASSETS.....	<u>\$2,654,661</u>	<u>\$3,604,661</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities.....	\$ 290,852	\$ 290,852
Employees' income tax and sales taxes payable.....	9,547	9,547
Income taxes payable.....	111,974	111,974
TOTAL CURRENT LIABILITIES.....	<u>\$ 412,373</u>	<u>\$ 412,373</u>
UNEARNED SERVICE CONTRACT INCOME.....	37,700	37,700
BALANCE DUE ON ACQUISITION—NOTE 3.....	500,000	—
6% CONVERTIBLE DEBENTURES—MATURING MARCH 7, 1972.....	—	1,000,000
TOTAL LIABILITIES.....	<u>\$ 950,073</u>	<u>\$1,450,073</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
AUTHORIZED:		
300,000 3% Non-cumulative, redeemable, convertible, voting, preference shares, par value \$5.00 each		
2,000,000 Common shares of no par value		
ISSUED:		
250,000 Preference shares.....	\$1,250,000	\$1,250,000
200,007 Common shares.....	454,588	—
300,007 Common shares.....	—	904,588
	<u>\$1,704,588</u>	<u>\$2,154,588</u>
	<u>\$2,654,661</u>	<u>\$3,604,661</u>
CONTINGENT LIABILITY:		
Customer's lien notes discounted \$71,657		
The attached notes form an integral part of this balance sheet.		

Approved on behalf of the Board:

"M. SHULLY", Director
"HAROLD I. SHULLY", Director

SHULLY'S INDUSTRIES LIMITED AND SUBSIDIARY COMPANY
EXPLANATORY NOTES TO THE CONSOLIDATED BALANCE SHEET
AND PRO FORMA CONSOLIDATED BALANCE SHEET
AS AT JANUARY 31, 1962

NOTES

- (1) The consolidated balance sheet as at January 31, 1962, gives effect to:
- (a) The incorporation on January 12, 1962, of Shully's Industries Limited, and the acquisition by it of all the outstanding shares of Shully's Automatic Heating & Cooling Co. Limited;
 - (b) The issue of 7 common shares to the directors for a cash consideration of \$7.00;
 - (c) The redemption on January 3, 1962, of 160 preferred shares, par value \$100.00 each, for the sum of \$16,000.00 by Shully's Automatic Heating & Cooling Co. Limited.
- (2) (a) The consolidated balance sheet includes motor vehicles and plant and equipment owned by Shully's Automatic Heating & Cooling Co. Limited having a present depreciated market value of \$319,730.80 according to an independent appraisal by Cooper Appraisals Limited, dated March 5, 1962. Notwithstanding this appraisal, the directors of the company have placed a value of \$226,250.00 on these assets, and this value has been recorded on the books and accounts of the subsidiary as at January 31, 1962, as follows:

	MOTOR VEHICLES	PLANT AND EQUIPMENT	TOTAL
Values resulting from appraisal.....	\$101,000	\$125,250	\$226,250
Net book value.....	45,015	58,435	103,450
Excess of values resulting from appraisal over book value.....	<u>\$ 55,985</u>	<u>\$ 66,815</u>	<u>\$122,800</u>

- (b) The company from its inception in 1945 to the present time has acquired in excess of 7,500 home-owner accounts and customers' supply contracts for fuel oil distribution and is presently distributing in excess of 10,300,000 gallons per annum of domestic and industrial fuel oil, with the bulk of the distribution being domestic fuel oil to home-owners. The directors of the company, having the benefit of opinion from other major suppliers of domestic fuel oil, and an independent opinion from Industrial Market Research Limited, have determined that the value of the fuel oil distribution accounts and customers' supply contracts is not less than \$824,000.00.
 - (c) The company has developed and patented under Industrial Design Applications two new products known as "Alumarock" and "Alumastone", and holds franchises and Canadian distribution rights to other products such as "Tilt Window, Awnaire Ventilating Awnings, Sunco equipment", etc. The patents, franchises and distribution rights have a value of an amount greater than \$900,000.00 based upon an independent appraisal by Industrial Market Research Limited dated January 30, 1962. However, the directors of the company have placed a value on this asset of \$550,000.00.
 - (d) The franchise of Timken Silent Automatic Oil Burners, acquired by the company in 1945 for the sum of \$46,000.00, has been written off as no value is placed on this franchise at the present time.
- (3) The pro forma consolidated balance sheet as at January 31, 1962, gives effect to:
- (a) The issue of \$500,000.00 6% convertible debentures as partial payment for the shares of Shully's Automatic Heating & Cooling Co. Limited;
 - (b) The issue and sale pursuant to an underwriting agreement dated February 19, 1962, of:
 - (i) 100,000 Common shares of no par value for a total cash consideration of \$450,000.00;
 - (ii) \$500,000 6% convertible debentures for a total cash consideration of \$450,000.00;
 - (c) The payment of expenses in connection with the issue estimated at \$40,000.00.
- (4) The company has made provision to set aside 450,000 common shares of the authorized capital of the company to meet the requirements for the conversion of the 6% convertible debentures and the preference shares.
- (5) Option to purchase shares
 The company has granted the underwriters pro rata an option to purchase, at the price of \$5.00 per common share, 25,000 common shares of the company good for a period of one year from March 5, 1962.
- (6) Lease
 Shully's Industries Limited is a party to a leasing agreement for the rental of property at 73 Wingold Avenue, Toronto, expiring December 31, 1971, and requiring rental payments of \$33,300.00 annually.

AUDITORS' REPORT

To the Directors,

Shully's Industries Limited

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Shully's Industries Limited and its wholly-owned subsidiary company as at January 31, 1962, and we have received all information and explanations required. Our examination included a general review of accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

- (a) The accompanying consolidated balance sheet, when read in conjunction with the notes attached, presents fairly the consolidated financial position of the company as at January 31, 1962;
- (b) The accompanying pro forma consolidated balance sheet presents fairly the consolidated financial position of the company as at January 31, 1962, after giving effect to the changes set forth in note 3 to the balance sheet.

Respectfully submitted,

"PAPE, STROM, SHERMAN & COMPANY",
 Chartered Accountants.

Toronto, Canada,
 March 5, 1962.